*** NETANSWERS INTERNET EXTRA ***
For the week of February 9, 1998

This week, Kevin delves into web sites that will help you save on your credit card bills. You can use these resources to find a card with a lower interest rate or no annual fee, learn about your rights as a credit card user, find out how to get a copy of your credit report, and more.

=*=*= One word, Benjamin: Plastic =*=*=

Most people don't think too much about their credit cards. If you have a credit card, chances are that it came bundled with your checking account, or that you signed on the dotted line for the first pre-approved card to grace your mailbox. When you do think about credit cards, when you're sifting through countless offers for new cards, you can find the choices overwhelming.

With so many variables to consider -- credit limits, interest rates, annual fees, rebates and introductory offers among them -- how can you be sure that you're getting the best possible deal? After all, when you tally up the fees, interest and other sundry nickel-and-dime costs associated with credit cards, those little pieces of plastic can prove to be an expensive luxury.

"Plastic" can be convenient, but that convenience comes at a price. Credit cards are big money-makers for the institutions that issue them. Wise consumers can protect themselves with the help of the Internet. The Massachusetts Office of Consumer Affairs and Business Regulation provides information on paying less in fees and interest in "12 Credit Card Secrets Banks Don't Want You to Know", a consumer pamphlet available on the Web (http://www.consumer.com/consumer/CREDITC.html). Everyone armed with a credit card will find these tips useful.

Credit experts say that you can have too many credit cards: when applying for a loan, some companies calculate your debt based on your total credit limit rather than what you currently owe. So you need to make the cards that you have count. Several web sites let you compare the costs and features of the hundreds of credit cards that are available. It's recommended that you visit at least two of the sites: some include information lacking in others. Before you apply for any card, verify the information with the issuer to be sure the details are accurate.

What's most important to you? A low interest rate? Customer service reps who speak French? Quick approval? Or do you want rewards for using the card? Rank your criteria for GetSmart (http://getsmart.bfc.pilot.net) and the site will list the five cards that best fit your needs. Many sites let you apply for a credit card right from your Web browser, and this one is no exception: clicking on a button marked "I want this card" takes you to an online application form. Don't let online applications lure you into impulsively applying for cards you don't really need. Each time you apply for a card, your credit record is duly noted. File too many applications too quickly and you may be deemed a credit risk.

More details about purveyors of plastic are available at CardTrak from RAM Research Group (http://www.ramresearch.com/ct_main.html). This site tracks the interest rates of more than 500 credit cards. Its online indices track cards with the lowest rates and annual fees. You can limit the selection to standard, gold, or secured cards as well as ones that provide rebates or affinity with particular

organizations (such as the American Association of Retired Persons). The site lists the best deals in each category with links to banks' web sites when available. A more thorough survey of credit cards, including phone numbers of the banks that issue them, is available for $5.

Likewise, the AsQue Credit Card Rates Guide (http://asque.com/credcard.htm) ranks more than 150 credit cards. You can see them listed from best to worst by interest rate and annual fee. You can also see a list of the cards with the lowest introductory rates -- "teaser" interest rates designed to get you to switch to a card.

If you have questions about credit, read the Credit Card FAQ from Toronto-Dominion Bank (http://www.tdbank.ca/tdbank/Creditctr/creditfq/creditfq.html). Topics here include "what are the benefits of having a gold card?", "what is my liability if my credit card is stolen?" and "how is my credit limit determined?" Some of the information here is specific to Canada's credit laws, but most of the information is applicable to credit card users everywhere. This FAQ also contains answers to questions about debit cards. If you're wondering about the differences between debit and credit cards, for instance, this page has the answer.

If those are just the tip of the iceberg to your questions, don't fret. The Internet is also home to information that will answer your deeper, darker questions about credit and debt. One great site with clear answers to many questions is the Credit Info Center at http://www.creditinfocenter.com/. Debacles dealt with there include what to do if you receive a credit report showing transactions from someone else with a similar name, and rules about merchants who charge more for credit card users than cash users.

Whether you'll get that credit card (or a car or home loan) all boils down to your credit record. And that record is kept on the computers of three major credit reporting agencies. The Fair Credit Reporting Act mandates that you can have access to your credit record. You can use the Net to learn how to get a copy of your credit report. If you have been denied credit and want to know why, or if you simply want to check for unearned blemishes on your credit record, you are entitled to receive a copy of your credit report for a nominal fee. You can't see your credit record on the Internet -- the reporting agencies have stringent privacy standards -- but you can order a copy of your credit report for delivery by the Online Credit Network (http://www.onlinecreditnetwork.com/). The Credit Info Center also has information about dealing with your credit record,. Info there includes "how long do negative items stay in my report?" and "how does a lender decide whether to grant a loan?"

-.-.- What can you expect to pay for a credit card? -.-.-

It pays to do research in advance before signing up with any random credit card company that happens to send you an offer. "Most consumers don't shop for a good rate on a card the way they may shop for a good mortgage rate," according to Consumer Reports magazine. "Moreover, people who carry over a balance from month to month, and pay interest on it, are the least likely to know what interest rate they are being charged, according to studies done by the card issuers."

If you pay your cards off in full every month, you may want to opt for a card with no annual fee but a moderate interest rate. On the other hand, if you occasionally

or usually carry a balance from month to month, you will likely save money by using a card with a low interest rate and an annual fee. The average interest rate today is about 18%. If the rate on your credit card is 18% or higher, consider dumping it and finding a better deal. But before you chop up the offending card, simply ask the issuer for a lower rate. If you're a good customer, they may lower your fee to keep you as a customer.

When I checked, the best annual interest rate according to AsQue was 9.94%. A handful of other cards fell under 12%. A majority of the cards hovered in the 14 to 17% range, while the most expensive card weighed in with 21% APR (annual percentage rate). Annual fees range from $0 to $50. Cards featuring low interest rates almost always have annual fees -- from $15 to around $40 -- or a one-time set-up cost. When I checked CardTrak, the best interest rate was a thrifty 8.25% (but with a hefty $88 annual fee). Other cards listed provide limited-time introductory rates as low as 5.9%.

Of particular interest to some card users are "rebate cards" -- those which offer cash back, frequent flyer miles, credit for free gasoline and other rebates. Those rebates don't come cheap. Of the 30 rebate cards listed by CardTrak, only four featured interest rates under 17%, making these cards best suited for consumers who pay their card's balance like clockwork each and every month.

If you're looking for a card with a low interest rate so you can carry a balance from month to month, the best deal found by GetSmart was 11.4% with no annual fee. (This is for a consumer in Northern California in search of a standard credit line. If you're located elsewhere or rank your preferences differently, your mileage may vary.)

Not all cards are available in all areas -- many banks only issue cards to consumers in one state, for instance. For that reason, the Bank Rate Monitor (http://www.bankrate.com) lets you search for a card by state, and will also sort your card choices based on your financial strategy, such as cards with a long payment grace period, deals for balance transfers, and low interest rates. You can also search for cards available throughout the United States, where you can find a few cards at just under 8% interest, and many with a respectable 8.5% APR.

According to GetSmart and somewhat surprisingly, folks hoping for a gold card with a higher credit limit don't necessarily have to pay a higher interest rate or annual fee than with a standard card. However, gold cards often include extra benefits (such as extended warranties and flight insurance) that give creditors good reason to charge an annual fee.

=*=*= SITES MENTIONED IN THIS ISSUE =*=*=

12 Credit Card Secrets Banks Don't Want You to Know. Consumer pamphlet with money-saving strategies. http://www.consumer.com/consumer/CREDITC.html

GetSmart. Searchable index of card offers, ranked by personal preferences. http://getsmart.bfc.pilot.net

CardTrak. List of cards with best rates and lowest fees, updated monthly. http://www.ramresearch.com/ct_main.html

AsQue Credit Card Rates Guide. Database of 150 cards, listed by best fees, best introductory fees and geographic availability. http://asque.com/credcard.htm

Credit Card FAQ. Answers to many questions about credit and debit cards. http://www.tdbank.ca/tdbank/Creditctr/creditfq/creditfq.html

Credit Info Center. Tons of information about getting your credit report and finding a good deal on a card. http://www.creditinfocenter.com/

Online Credit Network. Buy a copy of your credit record for delivery via snail mail. http://www.onlinecreditnetwork.com/

Bank Rate Monitor. Another card tracking site, searchable by region or throughout the United States. http://www.bankrate.com

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The NetAnswers Internet Extra is free to all CompuServe members. It's available in the Internet Community Forum -- GO INETCOM and look in file library 11, "NetAnswers".

Got comments or ideas for future newsletter issues? We want to hear 'em. Just send a message to savetz@compuserve.com (74774,2725).

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